

11243501

USBORNE PUBLISHING LIMITED

REPORT AND ACCOUNTS

for the period ended

31st JANUARY, 1993



**Smith & Williamson**  
Chartered Accountants  
No 1 Riding House Street London W1A 5AS

USBORNE PUBLISHING LIMITED

DIRECTORS

T.P. Usborne  
R.M. Robinson

ASSOCIATE DIRECTORS

D.M. Lowe  
C.D. Rawson  
J.S. Tyler  
R. Jones  
D. Harte  
L. Hunt

SECRETARY

K.M. Ball

REGISTERED OFFICE

Usborne House  
83-85 Saffron Hill  
London EC1N 8RT

BANKERS

National Westminster Bank plc  
41 Lothbury  
London EC2P 2BP

AUDITORS

Messrs Smith & Williamson  
Chartered Accountants  
No 1 Riding House Street  
London W1A 3AS

SOLICITORS

Messrs Davenport Lyons & Co  
1 Old Burlington Street  
London W1X 1LA

COMPANY NUMBER

1124359

USBORNE PUBLISHING LIMITED

REPORT AND ACCOUNTS for the period ended 31st JANUARY, 1993

CONTENTS

Pages

Directors' report	3 - 4
Report of the auditors	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8 - 9
Notes to the accounts	10 - 19

USBORNE PUBLISHING LIMITED

DIRECTORS' REPORT

The directors present their report and the accounts of the company for the 13 months ended 31st January, 1993.

ACTIVITIES

The principal activity of the company continued to be publishing.

REVIEW OF AFFAIRS

The company had a successful 13 months and, in the opinion of the director, the state of the company's affairs and its future prospects are satisfactory. There has been no material change in the company's affairs since the balance sheet date. Details of a restructuring are given in note 22 on page 18.

The company's accounting reference date has been changed from 31st December to 31st January.

PROFITS AND APPROPRIATIONS

The profit for the year after taxation was £1,006,643 (1991: £1,162,331).

On 29th January 1993, an interim dividend of £926,032 was paid. The directors do not recommend the payment of a further dividend. Retained profits of £122,611 have been transferred to reserves.

DIRECTORS

T.P. Usborne

R.M. Robinson (appointed 29th January, 1993)

DIRECTORS' INTERESTS

The interests of the directors and their families in the share capital of the company were as follows:-

	<u>Number of Ordinary £1 shares</u>	
	<u>31st January, 1993</u>	<u>31st December, 1991</u>
T.P. Usborne	7,375 "A" Shares	10,000 "A" Shares
R.M. Robinson	-	-

INSURANCE FOR OFFICERS

The company has purchased professional indemnity insurance to cover its officers.

USBORNE PUBLISHING LIMITED

DIRECTORS' REPORT (Continued)

CHARITABLE DONATIONS

During the period, the company made donations for charitable purposes amounting to £7,460.

AUDITORS

A resolution to re-appoint the auditors, Messrs. Smith & Williamson will be proposed at the next annual general meeting.

APPROVED BY THE BOARD OF DIRECTORS  
AND SIGNED ON THEIR BEHALF



K.M. Ball  
SECRETARY

REPORT OF THE AUDITORS TO THE MEMBERS OF  
USBORNE PUBLISHING LIMITED

We have audited the accounts on pages 6 to 19 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31st January, 1993 and of its profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Smith & Williamson*

SMITH & WILLIAMSON

Chartered Accountants

Registered Auditor

No 1 Riding House Street

London W1A 3AS

11 October 1993

USBORNE PUBLISHING LIMITED

PROFIT AND LOSS ACCOUNT for the period ended 31st JANUARY, 1993

	<u>Notes</u>	<u>13 months to 31st January 1993</u>	<u>Year ended 31st December 1991</u>
		<u>£</u>	<u>£</u>
TURNOVER	2	14,959,769	12,460,065
Cost of sales		( 8,868,476)	( 7,036,116)
GROSS PROFIT		6,091,293	5,423,949
Distribution costs		( 511,062)	( 437,292)
Administrative expenses		( 4,729,557)	( 3,569,324)
Other operating income	3	288,830	288,500
OPERATING PROFIT	6	1,139,504	1,705,833
Provision against investments	12	9,139	17,020
Interest receivable	7	208,907	200,911
Interest payable	8	( 14,815)	( 11,433)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,342,735	1,912,331
Taxation	9	( 336,092)	( 750,000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,006,643	1,162,331
Dividends	10	( 926,032)	-
PROFIT RETAINED, TRANSFERRED TO RESERVES	20	£ 80,611	£ 1,162,331

USBORNE PUBLISHING LIMITED

BALANCE SHEET as at 31st JANUARY, 1993

	<u>Note</u>	<u>31st January 1993</u>	<u>31st December 1991</u>
		£	£
<b>FIXED ASSETS</b>			
Tangible	11	228,597	208,076
Investments	12	45,286	36,143
		<hr/>	<hr/>
		273,883	244,219
<b>CURRENT ASSETS</b>			
Stocks	13	2,579,128	2,201,699
Debtors	14	4,496,982	3,196,655
Investments	15	41,219	32,107
Cash at bank and in hand		905,680	2,604,852
		<hr/>	<hr/>
		8,023,009	8,035,313
CREDITORS: Amounts falling due within one year	16	(5,152,095)	(4,987,599)
		<hr/>	<hr/>
NET CURRENT ASSETS		2,870,914	3,047,714
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,144,797	3,291,933
CREDITORS: Amounts falling due after more than one year	17	( 9,053)	-
Provisions for liabilities and charges	19	-	( 246,600)
		<hr/>	<hr/>
NET ASSETS		£ 3,135,744	£ 3,045,333
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	10,000	200
Share premium account	23	2,448,469	-
Capital reserve		1,000	1,000
Capital redemption reserve		9,950	9,950
Profit and loss account	20	666,325	3,034,183
		<hr/>	<hr/>
		£ 3,135,744	£ 3,045,333
		<hr/>	<hr/>

These accounts were approved by the Board of Directors on ... 04.03.93 ...

Signed on behalf of the Board of directors

*T.P. Usborne*  
T.P. Usborne ) Director



USBORNE PUBLISHING LIMITED

CASH FLOW STATEMENT for the period ended 31st JANUARY, 1993

		£	£
Net cash inflow from operating activities	(a)	302,372	683,979
Returns on investments and servicing of finance:			
Interest received		208,907	200,911
Interest paid		( 14,815)	( 11,433)
Dividend paid		( 926,032)	-
Net cash inflow from returns on investment and servicing of finance		( 731,940)	189,478
Taxation:			
UK taxation paid		(1,147,140)	-
Overseas taxation paid		( 4,626)	( 2,783)
Net cash outflow from taxation		(1,151,766)	( 2,783)
Investing activities:			
Purchase of tangible fixed assets		( 151,102)	( 149,834)
Proceeds from sale of tangible fixed assets		18,178	18,950
Investment in group undertakings - subsidiaries	(c)	( 4)	-
Investment in listed investments		( 9,112)	-
Net cash outflow from investing activities		( 142,040)	( 130,884)
Financing:			
Issue of shares		2,459,800	-
Purchase of own shares		(2,450,000)	-
Finance lease and hire purchase contracts		14,402	-
		24,202	-
Net cash flow from financing:			
Decrease in cash and cash equivalents	(b)	£(1,699,172)	£ 739,790

NOTES TO THE CASH FLOW STATEMENT for the period ended 31st JANUARY, 1993  
(Continued)

(a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW  
FROM OPERATING ACTIVITIES

	13 months to 31st January <u>1993</u>	Year ended 31st December <u>1991</u>
	£	£
Operating profit	1,139,504	1,705,833
Depreciation charges	120,759	102,819
Profit on sale of tangible fixed assets	( 8,356)	( 11,551)
Increase in stocks	( 377,429)	( 678,505)
Increase in debtors	( 504,281)	( 574,835)
Increase in creditors excluding taxation	178,775	306,703
Decrease in provisions	( 246,600)	( 166,485)
	<hr/>	<hr/>
Net cash inflow from operating activities	£ 302,372	£ 683,979
	<hr/>	<hr/>

(b) ANALYSIS OF BALANCES IN CASH AND CASH EQUIVALENTS  
AS SHOWN IN THE BALANCE SHEET

31st January <u>1993</u>	Change <u>in period</u>	31st December <u>1991</u>
£	£	£
£ 905,480	£(1,699,172)	£ 2,604,852
<hr/>	<hr/>	<hr/>

(c) INVESTMENT IN GROUP UNDERTAKINGS - SUBSIDIARIES

Two subsidiaries were incorporated in January 1993, and the cost represents equity issued. Neither company has traded.

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards issued by UK accountancy bodies. The particular accounting policies adopted are described below.

ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention.

INVESTMENTS

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

PENSION COSTS

The company operates a money purchase pension scheme.

Contributions to the money purchase scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme and represent contributions payable by the company to the fund.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress have been valued at the lower of cost and net realisable value. Cost is defined as direct publication costs, together with a proportion of relevant overheads.

DEPRECIATION

Depreciation is calculated to write off the cost of fixed assets in equal annual instalments on the following bases:-

Leasehold premises and improvements - Over the remaining term of the lease.

Furniture and equipment, fixtures and fittings	- 20%	
Computer equipment	- Office	- 25%
	- Editorial	- 50%/25%

Motor vehicles are assumed to have a life of four years from new and are depreciated by equal annual instalments to write off their cost to the company by the fourth anniversary of their registration.

ROYALTY INCOME

Royalty advances are credited to the profit and loss account when invoiced, royalties credited when received.

1. ACCOUNTING POLICIES (Continued)

FOREIGN CURRENCY

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction, unless covered by forward purchases of currency where the forward rate is used.

Assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date unless covered by forward purchases of currency. Any profit or loss arising is taken to the profit and loss account.

DEFERRED TAXATION

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts to the extent that it is probable that a liability or asset will crystallise in the future.

LEASES

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

2. TURNOVER

Turnover represents the value of goods delivered to customers during the period, less returns, and is stated net of Value Added Tax.

Geographical analysis of turnover:-	13 months to 31st January 1993	Year ended 31st December 1991
	£	£
U.K.	10,532,001	8,931,123
Export	4,427,768	3,528,942
	<u>£ 14,959,769</u>	<u>£ 12,460,065</u>

3. OTHER OPERATING INCOME

Royalties receivable	£ 288,830	£ 288,500
	<u>£ 288,830</u>	<u>£ 288,500</u>

USBORNE PUBLISHING LIMITEDNOTES TO THE ACCOUNTS for the period ended 31st JANUARY, 1993

## 4. EMPLOYEES

The average weekly number of employees of the company during the period, and their aggregate emoluments excluding directors were as follows:-

	<u>Number</u>	<u>Wages and Salaries</u>	<u>Social Security</u>	<u>Pension Costs</u>	<u>Total Remuneration</u>
13 months to 31st January, 1993	108	£1,979,891	£ 213,831	£ 228,140	£2,421,862
Year ended 31st December, 1991	90	£1,432,918	£ 138,972	£ 56,470	£1,628,360

## 5. DIRECTORS' EMOLUMENTS

	<u>13 months to 31st January 1993</u>	<u>Year ended 31st December 1991</u>
	£	£
Remuneration	132,570	119,010
Pension costs	85,288	4,261
Remuneration of the chairman and highest paid director	£ <u>132,570</u>	£ <u>119,010</u>
Scale of directors' remuneration	No.	No.
£0 - £ 5,000	1	-
£115,001 - £120,000	-	1
£130,001 - £135,000	1	-

NOTES TO THE ACCOUNTS for the period ended 31st JANUARY, 1993 (Continued)

6. OPERATING PROFIT  
is stated after charging/(crediting):-

	13 months to 31st January 1993	Year ended 31st December 1991
	£	£
Operating lease rentals		
- Plant and machinery	10,646	9,792
- Other	258,020	229,281
Director's emoluments (note 5)	217,858	123,271
Depreciation		
- Own assets	114,115	102,819
- Assets held under finance lease and hire purchase contracts	6,644	-
Auditors' remuneration	30,641	26,773
Other services provided by auditors	58,671	
Foreign exchange gains	( 38,958)	( 15,884)
Exceptional items - returns provision (note 19)	( 246,600)	( 166,485)
- release of credit note provision	( 254,900)	( 47,300)
- bonuses and other professional fees in connection with restructuring	374,800	-

7. INTEREST RECEIVABLE

	£	£
Bank deposit interest	207,573	199,961
Discounts received	1,334	950
	<u>£ 208,907</u>	<u>£ 200,911</u>

8. INTEREST PAYABLE

	£	£
Bank interest	3,437	1,433
Finance lease interest	1,378	-
Interest on other loans	10,000	10,000
	<u>£ 14,815</u>	<u>£ 11,433</u>

9. TAXATION

	£	£
Corporation tax based on the profits for the period at 33% (1991 33.25%)	574,500	590,000
Additional provision in respect of prior years	-	160,000
Prior year overprovisions	(138,408)	-
Deferred taxation (note 14)	(100,000)	-
	<u>£ 336,092</u>	<u>£ 750,000</u>

NOTES TO THE ACCOUNTS for the period ended 31st JANUARY, 1993 (Continued)

10. DIVIDENDS

13 months to  
31st January  
1993

Year ended  
31st December  
1991

Interim dividend paid

£ 926,032

£ -

11. FIXED ASSETS

	<u>Computers</u>	<u>Furniture and Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£
COST				
At 1st January, 1992	258,312	225,123	175,988	659,423
Additions	66,297	29,994	54,811	151,102
Disposals	( 44,100)	( 7,422)	( 43,140)	( 94,662)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31st January, 1993	280,509	247,695	187,659	715,863
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
DEPRECIATION				
At 1st January, 1992	212,753	130,931	107,663	451,347
Eliminated in respect of disposals	( 43,187)	( 5,397)	( 36,256)	( 84,840)
Charge for period	37,392	40,116	43,251	120,759
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31st January, 1993	206,958	165,650	114,658	487,266
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
NET BOOK VALUE				
At 31st January, 1993	£ <u>73,551</u>	£ <u>82,045</u>	£ <u>73,001</u>	£ <u>228,597</u>
At 31st December, 1991	£ <u>45,559</u>	£ <u>94,192</u>	£ <u>68,325</u>	£ <u>208,076</u>

The net book value above includes £11,756 (1991 £Nil) in respect of assets held under finance leases and hire purchase contracts.

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the period ended 31st JANUARY, 1993 (Continued)

12. INVESTMENTS HELD AS FIXED ASSETS

	Shares in group undertakings - Subsidiaries	Loans to group undertakings - Subsidiaries	Provision against loan to group companies - Subsidiary	Total
	£	£	£	£
At 31st December, 1991	7	106,690	( 70,554)	36,143
Net movement in period	4	-	9,139	9,143
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st January, 1993	11	106,690	( 61,415)	45,286
	<hr/>	<hr/>	<hr/>	<hr/>

At 31st January 1993, the company had the following subsidiary undertakings:-

<u>Company</u>	<u>Country of Incorporation</u>	<u>Activity</u>	<u>Portion of Ordinary Shares held</u>
Usborne Publishing Inc	U.S.A.	Non-trading	100%
Usborne Books at Home Limited (formerly Canarystore Limited)	England	Dormant	100%
Usborne Music Publishing Limited (formerly Actualchance Limited)	England	Dormant	100%

The entire share capital of both Usborne Books at Home Limited and Usborne Music Publishing Limited was acquired on 29th January, 1993 for £2 each representing their issued share capital. Neither company has traded.

The accounts of these companies and Usborne Publishing Inc have been omitted from group accounts since in the opinion of the Directors their inclusion is not material for the purpose of giving a true and fair view.

Additional information in respect of Usborne Publishing Inc.

	£	£
Cost		7
Share of undistributed post acquisition losses at 1st January, 1992	( 60,165)	
Loss retained for the period	( 98)	
	<hr/>	( 60,263)
		<hr/>
Balance at 31st January, 1993		( 60,256)
		<hr/>



USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the period ended 31st JANUARY, 1993 (Continued)

13. STOCKS	31st January 1993	31st December 1991
	£	£
Paper	1,23,891	68,026
Work in progress	794,875	673,244
Finished goods	1,660,362	1,460,429
	<hr/>	<hr/>
	£ 2,579,128	£ 2,201,699
	<hr/>	<hr/>
14. DEBTORS	£	£
Trade debtors	3,415,143	2,807,891
Other debtors	109,040	149,892
Prepayments and accrued income	176,753	238,872
Corporation tax recoverable	696,046	-
Deferred taxation	100,000	-
	<hr/>	<hr/>
	£ 4,496,982	£ 3,196,655
	<hr/>	<hr/>

Deferred taxation relates to short term timing differences which are expected to reverse within one year.

15. INVESTMENTS		
Listed investments - at cost		
(Market value £136,685; 1991 £46,630)	£ 41,219	£ 32,107
	<hr/>	<hr/>
16. CREDITORS: Amounts falling due within one year	£	£
Unsecured loan	-	200,000
Obligations under finance leases and hire purchase contracts (note 18)	5,349	-
Trade creditors	2,119,146	2,569,119
Bills of exchange payable	389,843	71,082
Amount due to group undertakings		
- subsidiary	48,076	34,180
Corporation tax	140,576	1,285,548
Advance corporation tax	1,125,344	-
Other taxation and social security	81,963	157,864
Other creditors	197,905	93,761
Accruals and deferred income	1,043,893	576,045
	<hr/>	<hr/>
	£ 5,152,095	£ 4,987,599
	<hr/>	<hr/>

The above figures include £265,243 (1992: £11,219) in respect of unpaid pension contributions.

NOTES TO THE ACCOUNTS for the period ended 31st JANUARY, 1993 (Continued)

17. CREDITORS: Amounts falling due after more than one year	31st January 1993	31st December 1991
Obligations under finance lease and hire purchase contracts (note 18)	£ 9,053	£ -
18. OBLIGATIONS UNDER FINANCE LEASE AND HIRE PURCHASE CONTRACTS	£	£
Gross obligations	17,295	-
Interest	( 2,893)	-
	£ 14,402	£ -
Due within one year (note 16)	5,349	-
Due within two to five years (note 17)	9,053	-
	£ 14,402	£ -
19. PROVISIONS FOR LIABILITIES AND CHARGES		
Other provisions	£ -	£ 246,600
	£	£
Balance at 1st January, 1992	246,600	413,085
Released in year (note 6)	( 246,600)	( 166,485)
Balance at 31st January, 1993	£ -	£ 246,600
20. PROFIT AND LOSS ACCOUNT	£	£
Balance at 1st January, 1992		
As previously reported	3,034,183	1,748,852
Prior year adjustment (note 21)	-	123,000
As restated	3,034,183	1,871,852
Retained profit for the period	80,611	1,162,331
Purchase of own shares	(2,448,469)	-
Balance at 31st January, 1993	£ 666,325	£3,034,183

# WSEORNE PUBLISHING LIMITED

## NOTES TO THE ACCOUNTS for the period ended 31st JANUARY, 1993 (Continued)

### 21. PRIOR YEAR ADJUSTMENT

This related to the correction of an error in the calculation of a returns provision in the 1990 accounts, as follows:-

	£
Reversal of overprovision	188,000
Corporation Tax	( 65,000)
	<hr/>
	£ 123,000
	<hr/>

### 22. CALLED UP SHARE CAPITAL

	31st January 1993	31st December 1991
	£	£
Authorised:		
10,000 "A" Ordinary shares of £1 each	10,000	10,000
9,950 "B" Ordinary shares of £1 each	9,950	9,950
	<hr/>	<hr/>
	£ 19,950	£ 19,950
	<hr/>	<hr/>
	£	£
Allotted and fully paid		
7,375 (1991: 10,000: 2p paid)		
"A" Ordinary shares of £1 each	7,375	200
2,625 (1991: Nil) "B" Ordinary shares of £1 each	2,625	-
	<hr/>	<hr/>
	£ 10,000	£ 200
	<hr/>	<hr/>

On 29th January 1993 the following events took place:-

- A call of 98p share was made on the 10,000 "A" Ordinary shares of £1 each in issue which had been 2p paid.
- 1,094 "A" Ordinary shares were converted and redesignated as "B" Ordinary shares of £1 each.

On 31st January, 1993 the following events took place:-

- 1,531 "B" Ordinary shares of £1 each were issued for £2,450,000 giving rise to a share premium of £2,448,469.
- The company purchased 1,531 of its "A" Ordinary shares of £1 each out of distributable profits for £2,450,000. The shares were then cancelled.

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the period ended 31st JANUARY, 1993 (Continued)

23. SHARE PREMIUM ACCOUNT

	£
Balance at 1st January, 1992	-
Premium arising on shares issued in period (note 22)	2,448,469
	<hr/>
Balance at 31st January, 1993	£ 2,448,469
	<hr/>

24. COMMITMENTS

At 31st January, 1993 the company had outstanding forward foreign exchange contracts totalling £2,382,117 (1991: £1,541,576), and extended letters of credit to overseas suppliers amounting to £Nil (1991: £12,503).

There were no capital commitments (1991: £Nil).

25. OPERATING LEASE COMMITMENTS

At 31st January, 1993 the company was committed to making the following payments during the next year in respect of operating leases:

	<u>Land and Buildings</u>	<u>Other</u>
	£	£
Leases which expire:		
Within 2-5 years	12,103	4,976
After 5 years	227,417	-
	<hr/>	<hr/>
	£ 239,520	£ 4,976
	<hr/>	<hr/>